



U.S. DEPARTMENT OF ENERGY
Office of Energy Assurance

ENERGY ASSURANCE DAILY

October 11, 2004

Highlights / Major Developments

Sabotage Suspected in Wis. Power Outage, High Voltage Towers Collapse Joint Terrorism Task Force and the FBI Called in

Someone removed bolts from the base of a high-voltage electrical transmission tower, causing it to fall on a second tower and knock out power to 17,000 customers, police said. The bolts were removed from a plate connecting the legs at the base of one of the 80-foot towers, causing it to knock down the other as it fell Saturday evening near Oak Creek, a Milwaukee suburb, police Chief Thomas Bauer said. "It does look like it's for the purpose of weakening the structure so it would fall," Bauer said. The incident caused a four-hour outage Saturday for 17,000 customers.

<http://www.newsday.com/news/nationworld/wire/sns-ap-power-outage,0,4683473.story?coll=sns-ap-nationworld-headlines>

Bloomberg News, 1208 October 11, 2004

Supply Concerns Propel Prices to Fresh Highs

Continued concerns about oil supply from key producing countries propelled benchmark oil prices to fresh highs Monday as markets shrugged off assurances from Persian Gulf producers that additional capacity would be used to meet any demand for extra barrels. Brent crude futures on London's IPE broke above \$50/bbl for the first time while across NYMEX crude futures pressed on through \$53.50/bbl in out-of-hours electronic trade.

<http://www.platts.com/Oil/News/3447229.xml?S=n> http://biz.yahoo.com/rb/041011/markets_oil_9.html

Bloomberg News, 1003 October 11, 2004

Gas Hits 4-Month High of \$1.99/gallon

U.S. average retail gasoline prices are again approaching \$2 a gallon, reaching a four-month high amid record high crude oil prices and the effects of Hurricane Ivan, a leading industry analyst said on Sunday..

http://biz.yahoo.com/rb/041010/energy_gasoline_retail_3.html

Electricity

Also see Highlights / Major Developments above.

Wolf Creek Back at 100 Percent Capacity

The 1,235 MW Wolf Creek Generation Station is back at full power Monday, according to the U.S. Nuclear Regulatory Commission. An October 7 lightning strike at the plant, which is about 100 miles northeast of Wichita in Burlington, Kan., caused a shutdown.

http://www.bizjournals.com/wichita/stories/2004/10/11/daily2.html?jst=s_cn_hl

http://wichita.bizjournals.com/wichita/stories/2004/10/04/daily45.html?jst=b_ln_hl

Bloomberg News, 0839 October 11, 2004

Entergy's LA River Bend Nuke Up to 97 Percent Power

Entergy Corp.'s 936-megawatt River Bend nuclear unit in Louisiana ramped up to 97 percent of capacity as of early Monday, the U.S. Nuclear Regulatory Commission said in its power reactor status report. On Friday, the unit was operating at 23 percent power as it started to exit an outage that began on Oct. 1 due to an electrical fault on the main generator.

Reuters, 0829 October 11, 2004

08:03 11Oct2004 RTRS-Progress' N.C. Brunswick 1 nuke back at full power

Progress Energy Inc.'s 872-megawatt Brunswick 1 nuclear unit in North Carolina was back at full power as of early Monday, the U.S. Nuclear Regulatory Commission said in its power reactor status report. On Friday, the unit was cut to 67 percent power to do some line work on one of the four power lines connecting the plant to the transmission system, a spokesman for the plant told Reuters.

Reuters, 0803 October 11, 2004

PSEG Has Problems at New Jersey Nuclear Plant, NYT Reports

PSEG Nuclear's power plant in Salem, New Jersey, has equipment problems such as leaky generators and unreliable reactor controls, while employees often don't call for repairs, the New York Times reported, citing reports from government and industry experts.

Bloomberg News, 0613 October 11, 2004

Huge Wind Farm Planned for South Dakota

Plans for the world's largest wind farm _ 10 times bigger than the largest one currently making electricity are on track for South Dakota

Pierre, SD, October 10, 2004 (The Associated Press)

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=5178074

Project Applies with AZ Commission for High-Voltage Transmission Line

The Salt River Project (SRP) has filed an application with the Arizona Corporation Commission to build a high-voltage transmission line from western Pinal County to east Mesa to serve rapidly growing areas of the East Valley. SRP is asking the commission to issue a Certificate of Environmental Compatibility for the Pinal West to Browning portion of the project, which would be 130 to 150 miles in length, depending on the final route selected. If there are no hitches, the line could be operating by 2011.

<http://www.energycentral.com/centers/news/daily/article.cfm?aid=5174750>

Petroleum

Also see Highlights / Major Developments Above

MMS Updates Damage Assessment from Hurricane Ivan

In the aftermath of Hurricane Ivan, the U.S. Department of the Interior's Minerals Management Service (MMS) continues to monitor the progress made by the oil and gas industry in returning to normal levels of operation in the Gulf of Mexico. About 475,000 barrels of oil per day (BOPD) and about 1.8 billion cubic feet of gas per day (BCFPD) remain shut-in. Based on preliminary information supplied by operators, perhaps as much as 150,000 BOPD and 1.0 BCF/D of the shut-in production may be back on line by the end of October. For the longer term, about 96% of the normal daily GOM production, which is approximately 1.7 million BOPD and approximately 12.3 BCFPD of gas, should be back on line within 6 months. MMS Gulf of Mexico Regional Director Chris Oynes said, "While significant production from Gulf of Mexico facilities remains shut in due mostly to pipeline damage there is a good likelihood that significant portions of this may be able to return to production in a few months".

See more details @ <http://www.mms.gov/ooc/press/2004/press1008a.htm>

Crude Oil Trades Near Record After Storm Disrupts Gulf Imports

Crude oil traded near Friday's record close of \$53.31 a barrel after a storm in the Gulf of Mexico shut the Louisiana Offshore Oil Port for a third time in a month and as Nigerian oil workers joined a general strike. Bloomberg News, 0008 October 11, 2004

Louisiana Offshore Oil Port Opens With Reduced Operations

The Louisiana Offshore Oil Port, the biggest U.S. oil import terminal, is operating at reduced rates after opening late yesterday, and repairs will keep it from unloading crude from the biggest tankers, a port official said.

Bloomberg News, October 11, 2004

Marketview: The Heat Is On

Crude oil markets continued their string of record-setting highs last week, with WTI hitting \$50/bbl and Brent close to \$40 and neither showing any signs of weakness. The turmoil triggered by Hurricane Ivan has lingered long after its passage, with the continuing closure of refining capacity and crude oil production in the US Gulf cranking up anxiety about the next focus of market attention -- the adequacy of heating oil supplies, the likely driver for months to come.

Petroleum Intelligence Weekly, October 11, 2004

US Refiners Weigh Sweet, Sour Options

You might expect, amid all the fuss about a shortage of sweet crude and a surplus of sour grades, that all US refiners would be rushing to install the cokers needed to turn heavier, sour, sulfur rich barrels into low sulfur gasoline and other oil products. Not so.

Petroleum Intelligence Weekly, October 11, 2004

Bloomberg News, 1436 October 11, 2004

US Emergency Oil Loans to be Repaid by Year-End

Most of the 4.7 million barrels of crude oil the government loaned energy companies from the U.S. Strategic Petroleum Reserve, plus the additional oil as interest, will be returned by the end of this year, U.S. deputy energy secretary Kyle McSillarow said on Friday.

Reuters, 1531 October 8, 2004

Gulf Oil Producers Led by Saudi Arabia Pledge Oil Capacity Hikes

Persian Gulf oil producers Saudi Arabia, Kuwait and the United Arab Emirates pledged Sunday to bring on additional spare capacity to meet rising demand for crude oil though their ministers asserted there was no justification for current record high oil prices.

<http://www.platts.com/Oil/News/4237080.xml?S=n>

US, Russia Work on Urals Pipeline to Spur Oil Exports

US Deputy Energy Secretary Kyle McSillarow on Friday said the US and Russia were moving forward on plans for building a northwest pipeline -- from Western Siberia to Murmansk -- that would spur Russian oil exports to the US, saying that the pipeline will be a key part of discussions between US and Russian officials in December. "One of the things we agreed we needed to talk about in December is what we needed to do to get this pipeline going," McSillarow told reporters on Friday.

Oil Daily, October 11, 2004

Shell Says Nigerian Oil Exports Normal, to Reopen Flow Stations

Royal Dutch/Shell Group, Nigeria's largest oil producer, said it's taking steps to minimize the impact of a general strike on its operations and so far oil exports and production hadn't been affected.

Bloomberg News, 0622 October 11, 2004

Norway Oil-Rig Strike Will Halt Varg Output Starting Next Week

Norwegian oil-rig workers said they will shut down production of at least 25,000 barrels of oil at the North Sea Varg field next week, as a three-month strike over pay and benefits is expanded. Natural Gas

Bloomberg News, 0846 October 9, 2004

Natural Gas

MMS Provides Detailed Damage Assessment of Hurricane Ivan

See summary under petroleum or to see more details go to the study @

<http://www.mms.gov/ooc/press/2004/press1008a.htm>

U.S. Congress Approves Loan Guarantees for Alaska Gas Pipeline

The U.S. Congress approved \$18 billion in loan guarantees for the construction of a \$20 billion pipeline to deliver natural gas from Alaska to the lower 48 states.

Bloomberg News, 1315 October 11, 2004

Kinder Morgan, Inc. Expanding Pipeline Capacity

Kinder Morgan, Inc. Monday announced several key developments related to the company's ongoing efforts to provide shippers with increased capacity and flexibility via new infrastructure on its Natural Gas Pipeline Company of America (NGPL) system. The initiatives, which include the purchase of a natural gas pipeline and the expansion of existing NGPL assets in northeast Texas and southern Oklahoma, represent an investment of \$52 million. The following projects will enhance the services available on NGPL:

- Acquisition of Black Marlin Pipeline.
- A/G and Oklahoma Extension Capacity Expansion.
- Sayre Storage Expansion.

http://biz.yahoo.com/prnews/041011/dam026_1.html

US LNG Imports At Record High, Lake Charles Leads Pack in Q3

Despite an unusually strong pull from Asia, US receiving terminals managed to import record levels of LNG in the third quarter, of over 2 billion cubic feet per day. Perhaps surprisingly, Southern Union's spot-dependent Lake Charles, Louisiana terminal led the pack, taking in 721 million cubic feet per day, or nearly 1.4 million tons of LNG over the quarter. That's up by over 50% from the second quarter, although down almost 20% from the 881 MMcf/d it handled last summer.

Natural Gas Week, October 11, 2004

Other News

Firm Proposes West Texas as Nuclear Waste Site

Oct. 9--A Dallas-based company wants to dispose of tons of uranium waste in far West Texas, a move critics say could make the state a dumping ground for the nation's radioactive waste.

<http://www.energycentral.com/centers/news/daily/article.cfm?aid=5178029>

Energy Prices

	Latest (10/11/04)	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate US \$/Barrel	53.63	49.91	32.01
NATURAL GAS Henry Hub \$/Million Btu	5.63	4.94	4.92

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00pm (Eastern time) on Wednesdays

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm (Eastern time) on Thursdays